

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17621
[Redacted],)	
)	DECISION
)	
Petitioner.)	
_____)	

This case arises from a timely protest of a State Tax Commission staff's (staff) decision adjusting property tax reduction benefits for 2003. This matter was submitted for a decision based on the documents in the file. The State Tax Commission has reviewed the file and makes its decision based on the contents of that file.

All property within the jurisdiction of this state is subject to property taxes. A property tax reduction benefit program is available to certain qualifying individuals throughout the state. The benefit is in the form of a payment (either total or partial) of the applicant's property taxes on the dwelling he/she owns and occupies. The payment is funded by state sales tax funds. The amount of property tax reduction depends on income--the greater the income, the smaller the benefit.

[Redacted] (petitioner) filed an application for property tax reduction benefits on or about April 15, 2003. The application did not list the petitioner's federal adjusted gross income; rather, it showed the petitioner had filed an extension of the time to file his federal income tax return. The staff sent the petitioner a notice advising him of the intent to deny his benefit until his federal adjusted gross income could be determined and made available. The petitioner protested the intended action.

Income for property tax reduction benefits purposes is defined in Idaho Code § 63-701(5) as follows:

(5) **"Income" means the sum of federal adjusted gross income** as defined in the Internal Revenue Code, as defined in section 63-3004, Idaho Code, **and** to the extent not already included in federal adjusted gross income:

- (a) Alimony;
- (b) Support money;
- (c) Nontaxable strike benefits;
- (d) The nontaxable amount of any individual retirement account, pension or annuity, (including railroad retirement benefits, all payments received under the federal social security act except the social security death benefit as specified in this subsection, state unemployment insurance laws, and veterans disability pensions and compensation, excluding rollovers as provided in section 402 or 403 of the Internal Revenue Code);
- (e) Nontaxable interest received from the federal government or any of its instrumentalities or a state government or any of its instrumentalities;
- (f) Worker's compensation; and
- (g) The gross amount of loss of earnings insurance.

It does not include capital gains, gifts from nongovernmental sources or inheritances. To the extent not reimbursed, the cost of medical care as defined in section 213(d) of the Internal Revenue Code, incurred or paid by the claimant and/or, if applicable, the claimant's spouse, may be deducted from income. To the extent not reimbursed, personal funeral expenses, including prepaid funeral expenses and premiums on funeral insurance, of the claimant and claimant's spouse only, may be deducted from income up to an annual maximum of five thousand dollars (\$5,000) per claim. (Emphasis added.)

For property tax reduction benefits purposes, the calculation of income starts with federal adjusted gross income and, thereafter, makes certain additions and deductions. On October 10, 2003, the petitioner sent a copy of his 2003 federal income tax return to the Tax Commission. The federal adjusted gross income amount shown in that return was \$27,421. When the \$13,094 of capital gains is deducted from that figure, \$14,327 of additional income is required to be added to the \$18,610 of income shown in the application the petitioner submitted to [Redacted] County.

As a result, the petitioner's income for property tax reduction benefit purposes is determined to be \$32,937; well beyond the \$21,290 income threshold for property tax reduction benefits for 2003. The petitioner must be denied property tax reduction benefits for 2003.

The State Tax Commission is aware there is some potential this decision could cause a hardship to the property tax reduction applicant in certain circumstances. The proper jurisdiction to handle such hardship situations falls with the county commissioners pursuant to Idaho Code § 63-711.

WHEREFORE, the Intent to Change Benefits letter dated September 24, 2003, is hereby APPROVED, AFFIRMED, and MADE FINAL.

An explanation of the petitioner's right to appeal this decision is enclosed with this decision.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this _____ day of _____, 2003, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]
